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Cavanaugh's Strikes Deals for 2 Hotels

Filing for stock offering reveals acquisition plans

Even after acquiring three Northwest hotels since the beginning of the year, the growing Cavanaugh's Hospitality Corp., plans to buy two more. The family-owned company formerly known as Goodale & Barbieri plans to acquire the Hallmark Inn of Hillsboro, Ore., and the Outlaw Inn of Kalispell, Mont., once its initial public offering of stock is completed, according to the company's filing with the Security and Exchange Commission.

Cavanaugh's, which owns and operates hotels, retail and office properties and entertainment services, registered with the SEC on Monday and has applied to sell its shares on the New York Stock Exchange.

Cavanaugh's Hospitality has a purchase agreement to buy the 220-room Best Western Outlaw Inn for \$9.9 million. It plans to rename the business Cavanaugh's Outlaw Hotel, according to documents filed with the SEC. The deal is scheduled to close within 60 days of the closing of the public offering.

The company already owns the 132-room Cavanaugh's at Kalispell Center, which is attached to a shopping center. "They are basically the two largest facilities in town," said Rhonda Olson, executive director of the Flathead Convention and Visitor's Bureau. "They both are very nice properties and have full amenities," including swimming pools, meeting rooms and casinos.

Though the two hotels compete for customers, they also often work together to win business. "It's pretty cooperative at this point," Olson said.

The hotels bid together for the Governor's Conference on Tourism in early April. Jointly, they will accommodate about 500 guests.

Cavanaugh's has also agreed to acquire the 123-room Hillsboro Hallmark Inn from Hallmark Inns in Oregon for \$5.7 million. The hotel is one of a few in the industrial and residential community of Hillsboro, west of Portland, where the development of business has out paced growth of hotel rooms.

"There aren't that many hotels and we do lack space for small conventions and conferences," said Shirley Huffman, economic development director for the Hillsboro Chamber of Commerce. "But, we are right in the process of getting some more. The Hallmark has a limited amount."

Since the 1976 construction of Cavanaugh's River Inn in Spokane, the company has built or purchased 11 hotels in Spokane, Yakima, Kennewick and Seattle, Wash., Post Falls and Idaho Falls, Idaho, and Kalispell, Mont.

The three acquired this year are the Cavanaugh's Ridpath Hotel in Spokane, Cavanaugh's Templin's Resort in Post Falls, and Cavanaugh's on the Falls in Idaho Falls.

A spokesman for Cavanaugh's Hospitality said the company couldn't comment on the contracts to purchase the Outlaw and Hallmark because it must observe a quiet period required by the SEC before the stock offering.